

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF COLDWATER	County BRANCH
Fiscal Year End 3/31/2006	Opinion Date 6/12/2006	Date Audit Report Submitted to State 8/21/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).



- Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☐ ☒ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) RUMSEY & WATKINS, P.C.		Telephone Number 517-279-7931	
Street Address 20 TIBBITS PLAZA		City COLDWATER	State MI
Authorizing CPA Signature 		Printed Name TIMOTHY J. TAYLOR	Zip 49036
		License Number 1101015828	

**TOWNSHIP OF COLDWATER
BRANCH COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2006

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Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

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INDEPENDENT AUDITOR'S REPORT

**To the Members of the Township Board
Township of Coldwater
Branch County, Michigan**

June 12, 2006

We have audited the accompanying financial statements of each major fund of the Township of Coldwater as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit, also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The accompanying financial statements do not present government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Coldwater as of March 31, 2006 or the changes in its financial position for the year then ended.

**To the Members of the Township Board
Township of Coldwater
Branch County, Michigan**

June 12, 2006

The budgetary comparison schedule, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Coldwater's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not include a management's discussion and analysis, which would present an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

A handwritten signature in black ink that reads "Rumsey & Watkins P.C." in a cursive, stylized font.

RUMSEY & WATKINS, P.C.

TOWNSHIP OF COLDWATER

GOVERNMENTAL FUNDS

BALANCE SHEET

MARCH 31, 2006

	General Fund	Capital Projects Fund	Total Governmental Fund
ASSETS			
Cash and cash equivalents	\$ 42,615	\$ 5,553	\$ 48,168
Investments	1,437,855	152,463	1,590,318
Taxes receivable	14,373	-	14,373
Special assessment receivable	-	146,413	146,413
Interest receivable	2,888	-	2,888
Due from other governmental units	27,650	-	27,650
Due from other funds	8,724	52,980	61,704
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,534,105</u>	<u>\$ 357,409</u>	<u>\$ 1,891,514</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 42,525	\$ -	\$ 42,525
Accrued payroll	8,560	-	8,560
Due to other funds	52,980	-	52,980
Due to other governmental units	439	-	439
Deferred revenue	-	143,480	143,480
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	104,504	143,480	247,984
FUND BALANCE			
Designated	900,000	-	900,000
Undesignated	529,601	213,929	743,530
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	1,429,601	213,929	1,643,530
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,534,105</u>	<u>\$ 357,409</u>	<u>\$ 1,891,514</u>

See Notes to Financial Statements

TOWNSHIP OF COLDWATER
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2006

	General Fund	Capital Projects Fund	Total Governmental Fund
REVENUES			
Taxes	\$ 91,091	\$ -	\$ 91,091
Tax administration fee	23,152	-	23,152
Special assessments	19,804	24,735	44,539
Licenses and permits	36,397	-	36,397
State shared revenue	334,441	-	334,441
Intergovernmental revenue	27,650	-	27,650
Charges for services	1,517	-	1,517
Rental income	4,845	-	4,845
Interest earned	45,376	7,055	52,431
Reimbursements	1,973	-	1,973
Other	1,043	-	1,043
	<hr/>	<hr/>	<hr/>
Total revenues	587,289	31,790	619,079
EXPENDITURES			
General government	287,999	-	287,999
Public safety	113,551	-	113,551
Public works	68,628	-	68,628
	<hr/>	<hr/>	<hr/>
Total expenditures	470,178	-	470,178
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	117,111	31,790	148,901
FUND BALANCE - BEGINNING	<hr/> 1,312,490	<hr/> 182,139	<hr/> 1,494,629
FUND BALANCE - ENDING	<hr/> <hr/> \$ 1,429,601	<hr/> <hr/> \$ 213,929	<hr/> <hr/> \$ 1,643,530

See Notes to Financial Statements

TOWNSHIP OF COLDWATER
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2006

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 8,964
Due from other funds	240
Restricted assets:	
Investments	<u>1,200</u>
Total assets	<u><u>\$ 10,404</u></u>
LIABILITIES	
Due to other funds	\$ 8,964
NET ASSETS	
Private Purpose Trust Fund	<u>1,440</u>
Total liabilities and net assets	<u><u>\$ 10,404</u></u>

TOWNSHIP OF COLDWATER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Coldwater conform to generally accepted accounting principles of the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

REPORTING ENTITY:

The Township operates under an elected board of five members and provides primarily fire protection and road maintenance and construction to the local residents. The financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The criteria includes oversight responsibility, scope of public service and special financing relationships. There were no component units considered, under this criteria, to be included in these financial statements.

FUND FINANCIAL STATEMENTS:

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, claims and judgments are recorded when payment is due.

The Township reports the following governmental funds:

General Fund is the operating fund of the Township. It is used to account for all the Township's financial resources not required to be accounted for in another fund.

Capital Projects Fund is used to account for resources specifically designated for the acquisition and construction of facilities and for major capital repairs and improvements of facilities.

TOWNSHIP OF COLDWATER

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: – Continued

Additionally, the Township reports the following fund types:

Agency Funds are used to account for assets held in trust or as an agent for others.

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Capital Assets - The Township implemented portions of the new financial model, as required by the provisions of GASB 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments ("GASB 34"). A portion of GASB No. 34 not implemented by the Township is the government-wide financial statements which display the full accrual financial position and changes in financial position of its government activities. Since the Township did not present government-wide financial statements, the governmental activities capital assets are not reported within the Township's financial statements as of March 31, 2006.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change - In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The Township has implemented portions of GASB 34.

However, the Township did not present government-wide financial statements to display the financial position and changes in financial position using full accrual accounting for all the Township's activities. These statements would present the Township's governmental activities. In addition, the Township did not include a management's discussion and analysis, which would present an analysis of the financial performance for the year.

Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in the government-wide financial statements for the Township's governmental activities are not reasonably determinable. The Governmental Accounting Standards Board has determined that the management's discussion and analysis is necessary to supplement, although not required to be part of, the basic financial statements.

TOWNSHIP OF COLDWATER

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS – Continued

Accounting Change – Continued

Because of the effects of the matter discussed in the preceding paragraphs, the Township's financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Coldwater as of March 31, 2006 or the changes in its financial position for the year then ended.

BASIS OF BUDGETING:

The Township adopted their annual budget based on the modified accrual method of accounting. Expenditures were estimated by functional level. The Township included an estimated beginning fund balance within the approved budget. Once a budget is approved it can be amended at the functional level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are reflected in the official minutes of the Board, and are not made after fiscal year end as dictated by law. Revisions to the budget were made during the year.

ENCUMBRANCE ACCOUNTING:

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end may be reappropriated in the next year. No reservation of fund balance equal to outstanding encumbrances at year end is required.

USE OF ESTIMATES:

The Township uses estimates and assumptions in the preparation of the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenditures.

TOWNSHIP OF COLDWATER

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

NOTE B - DEPOSITS AND INVESMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township has designated financial institutions for the deposit of Township funds and has authorized the investment in certificates of deposit. The accounts maintained are checking, savings and certificates of deposit and are in accordance with statutory authority. The interest rates of the checking and savings accounts are at variable daily rates. The certificates of deposit are currently earning interest rates of 2.55% to 4.82%.

Investments consist of certificate of deposits with an original maturity date of greater than three months. The investments are carried at cost which approximates market value.

Cash and investments as of March 31, 2006 are classified in the accompanying financial statement as follows:

Governmental Funds	
Cash	\$ 48,168
Investments	<u>1,590,318</u>
Total Governmental Funds	1,638,486
Fiduciary Funds	
Cash	8,964
Restricted - Investments	<u>1,200</u>
Total Fiduciary Funds	<u>10,164</u>
Total cash and investments	<u><u>\$ 1,648,650</u></u>

TOWNSHIP OF COLDWATER

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

NOTE B - DEPOSITS AND INVESMENTS - Continued

Interest rate risk – In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit risk – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). The Township does not allow direct investment in commercial paper or corporate bonds. The Township has the following investments with credit risk and the applicable rating:

<u>Investment</u>	<u>Fair Value</u>	<u>Fitch Credit Rating</u>
Michigan CLASS pool	\$ 790,318	AAA

Concentration of credit risk – The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk (deposits) – In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be recovered. As of March 31, 2006, \$1,291,518 of the Township's bank balance of \$1,649,295 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificates of deposit and money market accounts are included in the above totals.

Foreign currency risk – The Township is not authorized to invest in investments which have this type of risk.

NOTE C – TAXES RECEIVABLE

The Township is a general law township and levies property taxes on December 1 of each year. They are collected by the Township's treasurer from December 1 to February 28.

Taxes receivable represent real property taxes and administrative fees returned delinquent to the County of Branch. The real property taxes and administrative fees in the amount of \$14,373 will be paid to the Township by the County of Branch in April 2006.

TOWNSHIP OF COLDWATER

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2005

NOTE D – SPECIAL ASSESSMENT RECEIVABLE

A special assessment district has been established for water and sewer improvements. The Capital Projects Fund of the Township is financing the construction and assessing the particular residents their cost of the improvements over a ten year period plus 6% interest on the outstanding balance. In accordance with GASB #6, the special assessment receivable has been recorded in the Capital Projects Fund. The special assessment receivable, at March 31, 2006, can be summarized as follows:

Delinquent	\$ 2,933
Current	24,735
Deferred	<u>118,745</u>
Total	<u><u>\$ 146,413</u></u>

The current and deferred special assessment receivable will be levied during the year ending March 31, 2007 and subsequent years and, therefore, is recorded as deferred revenue until levied and realizable.

NOTE E – DUE FROM (TO) OTHER FUNDS

The due from (to) other funds, at March 31, 2006, for the Township are as follows:

General Fund:	
Due from Tax Collection Fund	\$ 8,724
Capital Projects Fund:	
Due from General Fund	<u>52,980</u>
Total Governmental Funds	61,704
Cemetery Perpetual Care Fund:	
Due from Agency Fund	<u>240</u>
Total due from (to) other funds	<u><u>\$ 61,944</u></u>

TOWNSHIP OF COLDWATER

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

NOTE F – DESIGNATION OF FUND BALANCE

The Township board has designated \$900,000 of their general fund balance for future expenses as follows:

Fire expenses	\$ 100,000
Waste and water expenses	300,000
Land purchases	200,000
Water tower	<u>300,000</u>
Total designated fund balance	<u><u>\$ 900,000</u></u>

NOTE G – PENSION PLAN

The Township maintains a defined contribution pension plan for all eligible employees. The Township employees must have attained 21 years of age with no minimum service requirements to become fully vested. No employee contributions are required, but can be made voluntarily.

The total covered payroll under the pension plan for 2006 amounted to \$110,422 compared to \$128,711 total 2006 payroll.

The Township is required to make annual contributions to the plan based on percentages at different compensation levels. The required contribution made to the plan for the year ended March 31, 2006 amounted to \$16,563.

NOTE H – COMMITMENTS

The Township has entered into an agreement with the City of Coldwater to provide fire protection at an annual expense that varies from year to year. The agreement will continue through June 30, 2008, unless either party gives a twelve month advance notice to terminate the contract.

NOTE I – RISK MANAGEMENT

The Township of Coldwater is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Township has purchased commercial insurance for the coverage of the above discussed events.

TOWNSHIP OF COLDWATER
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Taxes	\$ 90,778	\$ 90,778	\$ 91,091
Tax administration fee	24,227	24,227	23,152
Special assessments	22,200	22,200	19,804
Licenses and permits	25,540	25,540	36,397
State shared revenue	215,906	215,906	334,441
Intergovernmental revenue	28,000	28,000	27,650
Charges for services	1,580	1,580	1,517
Rental income	3,000	3,000	4,845
Interest earned	25,000	25,000	45,376
Reimbursements	-	-	1,973
Other	10,500	10,500	1,043
Total revenues	446,731	446,731	587,289
EXPENDITURES			
General government			
Township board	198,657	198,657	166,120
Supervisor	23,761	34,486	21,542
Elections	16,944	16,944	1,846
Assessor	28,817	18,092	14,715
Clerk	27,265	27,265	19,706
Treasurer	31,765	31,765	31,125
Cemetery	8,597	38,597	32,945
Total General government	335,806	365,806	287,999
Public safety			
Fire protection	105,000	105,000	99,086
Zoning	14,838	14,838	14,465
Total Public safety	119,838	119,838	113,551
Public works	177,219	177,219	68,628
Total expenditures	632,863	662,863	470,178
Excess (deficiency) of revenues over expenditures	(186,132)	(216,132)	117,111
FUND BALANCE - BEGINNING	1,402,764	1,402,764	1,312,490
FUND BALANCE - ENDING	<u>\$ 1,216,632</u>	<u>\$ 1,186,632</u>	<u>\$ 1,429,601</u>

TOWNSHIP OF COLDWATER
OTHER SUPPLEMENTAL INFORMATION
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006

	Final Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT			
Township board	\$ 198,657	\$ 166,120	\$ (32,537)
Supervisor	34,486	21,542	(12,944)
Elections	16,944	1,846	(15,098)
Assessor	18,092	14,715	(3,377)
Clerk	27,265	19,706	(7,559)
Treasurer	31,765	31,125	(640)
Cemetery	38,597	32,945	(5,652)
	<hr/>	<hr/>	<hr/>
Total General government	365,806	287,999	(77,807)
PUBLIC SAFETY			
Fire protection	105,000	99,086	(5,914)
Zoning	14,838	14,465	(373)
	<hr/>	<hr/>	<hr/>
Total Public safety	119,838	113,551	(6,287)
PUBLIC WORKS	<hr/>	<hr/>	<hr/>
	177,219	68,628	(108,591)
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 662,863</u>	<u>\$ 470,178</u>	<u>\$ (192,685)</u>

TOWNSHIP OF COLDWATER
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Agency</u>	<u>Tax Collection</u>	<u>Private Purpose Trust Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 240	\$ 8,724	\$ -	\$ 8,964
Due from other funds	-	-	240	240
Restricted assets:				
Investments	-	-	1,200	1,200
	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total assets	<u>\$ 240</u>	<u>\$ 8,724</u>	<u>\$ 1,440</u>	<u>\$ 10,404</u>
LIABILITIES				
Due to other funds	\$ 240	\$ 8,724	\$ -	\$ 8,964
NET ASSETS				
Private Purpose Trust Fund	-	-	1,440	1,440
	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>
Total liabilities and net assets	<u>\$ 240</u>	<u>\$ 8,724</u>	<u>\$ 1,440</u>	<u>\$ 10,404</u>

Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza * Coldwater, Michigan 49036

Phone (517) 279-7931 * Fax (517) 278-7087

June 12, 2006

To the Members of the Township Board
Township of Coldwater
Branch County, Michigan

During our audit as of and for the year ended March 31, 2006, we noted the following item which we would like to comment on further:

DESIGNATED FUND BALANCE

The Township continues to designate a portion of the available fund balance for future projects. We agree with the use of designations to provide additional information on potential future demands on the Township fund balances, however, during the audit it was noted that the designations have not changed for a number of years nor has any reference to the designations been made within the board minutes.

We would recommend as part of the annual budgeting process, the Township evaluate all current designations to determine whether the status of any designations has changed and whether any adjustments are necessary to increase or decrease the anticipated financial commitment. Lastly, we would recommend that the approved designations be approved and documented, at least annually, within the board minutes.

We would like to thank Townships' officials Peggy Knisely and Don Rogers for their assistance during the audit. After reviewing this letter, we would be glad to discuss this matter further with you and assist in the implementation

A handwritten signature in cursive script that reads "Rumsey & Watkins P.C.".

RUMSEY & WATKINS, P.C.